

Department of Social and Health Services

DP Code/Title: M2-1Z Centennial Building Lease Savings
Program Level - 100 Vocational Rehabilitation

Budget Period: 2001-03 Version: J3 100 2001-03 2003 Sup Agency Req

Recommendation Summary Text:

This request restores funding that was reduced from the 2001-03 Biennium Budget anticipating that the Centennial Buildings I and II would be purchased by General Administration (GA). These purchases did not occur and funding to support existing leases is insufficient.

Fiscal Detail:

Operating Expenditures

	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
001-1 General Fund - Basic Account-State	0	25,000	25,000
Total Cost	0	25,000	25,000

Staffing

Package Description:

The Centennial Buildings in Tacoma had an option for the state's General Administration (GA) to buy out the leases. This was decided to be acted upon and the funding was reduced in the 2001-03 Biennium Budget initial allotment, beginning July 1, 2002.

However, upon research, it was determined that the Centennial Building could not be purchased at the required federal amortization time for purchases. To obtain federal earnings, a 50 year purchase period was required, but the State Treasurers Office would only grant a loan period of 20 years.

Therefore, GA did not purchase the Centennial Buildings and the reduced funding was not saved. This restores the funding for the Centennial Buildings' leases to their original level.

Narrative Justification and Impact Statement

How contributes to strategic plan:

The decision package accounts for the proper use of the state's funding.

Performance Measure Detail

Goal: 01Z DSHS Accounts for Its Use of Public Dollars

No measures submitted for package

Incremental Changes

FY 1

FY 2

Reason for change:

Restore a budget cut that could not be made.

Impact on clients and services:

None, if the funding is restored.

Impact on other state programs:

In Department of Social and Health Services, the impacted programs are Children's Administration, Juvenile Rehabilitation

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Administration, Aging and Adult Services, Economic Services Administration, Division of Vocational Rehabilitation, and Management Services Administration. The lease and purchase broker, General Administration is impacted.

Relationship to capital budget:

None

Required changes to existing RCW, WAC, contract, or plan:

None

Alternatives explored by agency:

The alternative was the state's initial decision for GA to purchase the building. It was not a viable alternative.

Budget impacts in future biennia:

The cost of the leases will continue into future biennia as determined by lease renewals.

Distinction between one-time and ongoing costs:

All costs are ongoing.

Effects of non-funding:

The lease payment is still required. Programs would have to cut services to pay for lease contracts already signed.

Expenditure Calculations and Assumptions:

Calculations were based on the amount originally reduced and now requested to be restored.

See attachment - M2-1H Centennial Building Lease Savings xls.

<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Overall Funding			
E Goods And Services	0	25,000	25,000

DSHS Source Code Detail

Overall Funding	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
Fund 001-1, General Fund - Basic Account-State			
<u>Sources</u> <u>Title</u>			
0011 General Fund State	0	25,000	25,000
Total for Fund 001-1	0	25,000	25,000
Total Overall Funding	0	25,000	25,000